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Linda McCulloch
Superintendent

DATE: January 5, 2006

TO: School Food Authorities

FROM: Christine Emerson, Director, School Nutrition Programs

SUBJECT: Financial Reporting Requirements for the School Nutrition Programs

General Requirements

According to the U.S. Department of Agriculture (USDA) regulation 7 CFR 210, school food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service.

School Food Authorities are required to limit net cash resources in the food service account to an amount that does not exceed three months average expenditures for its school food service. School Food Authorities with a balance in the school food service account that exceeds this amount must submit corrective action to the State Agency.

In the event that the State Agency does not receive corrective action within 30 days of notification, the State Agency may require the School Food Authority to reduce the price children are charged for lunches, improve food quality, or take other action designed to improve the nonprofit school food service. In the absence of any such action, the State Agency may make adjustments in the reimbursements provided to the School Food Authority.

Requirements for Public School Districts

Public school districts participating in the School Nutrition Programs in Montana provide the Office of Public Instruction (OPI) with an annual Trustees Financial Summary (TFS). Starting with the school year 2004-05, the School Finance Division of OPI will check the annual TFS to ensure that there is not more than three months average expenditures in the district's Fund 12 account. In January of each year, districts with an excess balance during the previous school year will be notified and required to submit corrective action to the School Nutrition Programs office within 30 days.

Requirements for Private Schools and Residential Child Care Institutions (RCCIs)

Private schools and RCCIs must submit the annual financial report in the School Nutrition Programs' computer software program by August 15 of each year. The State Agency will not approve agreements with the School Nutrition Programs until this requirement is met.

For questions or concerns please contact School Nutrition Programs at (406) 444-2501.

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